



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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Money Tips for College Students: How to Make It, Use It and Save It

Students should learn about insurance

Because teens and young adults don't have as much driving experience as adults, insurance companies believe they're a bigger risk to insure. That means teenagers pay more for insurance than someone who's older.

Teenagers must carry insurance to cover any damage done to someone else's property or person. That's called liability, and it isn't negotiable. Collision insurance covers repairs to their car if they have an accident. Collision and comprehensive insurance is not required if the car is older and no money is owed. Not having collision insurance will save you money — unless you have an accident.

The other main types of auto insurance are:

- Comprehensive, which replaces damaged windshields and repairs damage caused by hail, flooding, theft, vandalism, etc.
- Personal injury protection, which pays medical expenses, lost wages and other out-of-pocket costs if you're hurt, regardless of who's at fault.
- Uninsured motorist, which covers your medical costs if you're hurt in an accident by an illegally uninsured driver.
- Rental reimbursement, which pays for a rental car while yours is being repaired after an accident.

Besides car insurance, there are other types teenagers should know about.

Health insurance is perhaps the most expensive type of insurance for most people. Ask your parents if you're covered under their policy and, if so, for how long. In some cases, unmarried dependent children may be covered to age 25. If you get married, you're automatically an adult and will be responsible for your own insurance. Many employers offer health insurance plans to their employees.

Young people who live in dorms or apartments might want renter's insurance. Renter's insurance may pay if something gets stolen or destroyed in a fire or other disaster. Check with your parents' insurance agent to see if you're covered by an off-premises provision of their policy when you live in a dorm. If you live off-campus, you probably won't be covered and will need to buy renter's insurance. When deciding how much coverage to buy, consider replacement versus actual cash value costs. Replacement means if stolen, you'll get the same item new. Actual cash value will give you an amount based on its value minus depreciation. If you have really nice jewelry or other valuable items, consider buying extra coverage, called a rider, on them.

To learn how to plan and prepare for higher education, visit www.GoHigherKY.org. For more information about Kentucky scholarships and grants, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602-0798; or call (800) 928-8926.

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